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WATER/ABJ/HJL:jlj

CA-18

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Advisory Branch**

**RESOLUTION NO. W-4299
September 20, 2001**

R E S O L U T I O N

**(RES. W-4299), MESA CREST WATER COMPANY, (MCWC).
ORDER AUTHORIZING AN OFFSET RATE INCREASE OF
\$17,337 OR 2.5% IN ADDITIONAL REVENUE DUE TO
INCREASED PURCHASED POWER COSTS AND PURCHASED
WATER COSTS.**

SUMMARY

By Advice Letter No. 49, filed on August 1, 2001, MCWC seeks revision of its tariff Schedule No. 1, General Metered Service, to provide an increase in revenues of \$17,337 or 2.5%. This increase is a result of increased costs for purchased power and purchased water since MCWC's present rates became effective. The offset rate increase will not result in a rate of return greater than the last authorized for MCWC.

BACKGROUND

MCWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset: (1) \$13,344 increase in purchased power costs; (2) \$3,851 in purchased water costs, and (3) a resulting increase of \$142 in franchise fees. The purchased power increase became effective by Commission Decision (D.) 01-05-064 which authorized Southern California Edison (SCE) to increase its rates. Foothill Municipal Water District (FMWD), from whom MCWC purchases all of its water supply, increased its cost per acre-foot of water on January 1, 2000.

MCWC serves approximately 691 residential metered customers in the community of La Canada, Los Angeles County. The present rates of MCWC became effective on February 23, 1999, pursuant to Res. W-4134, which authorized the company an increase of \$11,853 or 2.0%. The last general rate increase for MCWC authorized an 11.85% rate of return. For the calendar year 2000, MCWC's recorded rate of return was 6.98%, thus meeting the earnings test requirement for Class C Water Utilities.

NOTICE AND PROTESTS

Notice of the proposed rate increase was published in the La Canada Valley Sun, a newspaper of general circulation, on August 9, 2001, as evidenced by proof of publication provided to the Water Division by the utility. There were no protests concerning the proposed offset increase.

DISCUSSION

Effective June 3, 2001, pursuant to D.01-05-064, SCE rates were increased for summer consumption and for winter consumption. These SCE rate increases have resulted in a \$13,344 increase in purchased power costs for MCWC. Effective January 1, 2000, FMWD increased the cost per acre-foot of water to an average of \$567.33 per acre-foot. The net result to MCWC is an annual increase of \$3,851.

The increases in SCE's purchased power costs and FMWD's water costs are directly related to water consumption and therefore shall be applied to quantity rates. In order to recover the higher costs, MCWC, will increase its quantity charge by \$0.076/Ccf (One Ccf is equal to one-hundred cubic feet). The bill for an average residential customer using 22 Ccf of water per month with a ¾-inch meter will increase from \$66.00 to \$67.67, or \$1.67 or 2.5%. The bill for a residential customer using 22 Ccf of water per month with a 1-inch meter or with a 1½-inch meter will increase an average \$1.67 per month or 2.3% and 1.8%, respectively.

Service is satisfactory. There are no Commission orders requiring system improvements nor are there any service problems requiring corrective action.

FINDINGS

1. The Commission finds, after investigation by the Water Advisory Branch, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. Mesa Crest Water Company is authorized, five days after the effective date herein, to make effective revised Schedule 1, General Metered Service, attached to Advice Letter 49, and to concurrently cancel the presently effective rate schedule.

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2. Mesa Crest Water Company is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I hereby certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on September 20, 2001; the following Commissioners voting favorably thereon:

WESLEY M. FRANKLIN
Executive Director